

Early Learning and Child Care Initiative

Child Care Operating Grant

Terms and Conditions



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Background

The priorities for the Government of Nova Scotia for fiscal year 2007-2008 include the following key priorities:

- Health Promotion and Protection;
- Youth, Families and Communities;
- Community Safety;
- Economic Development and Infrastructure; and
- Environment.

These initiatives are focused on strengthening the social service system, enabling the government to improve outcomes for Nova Scotia's youth, families, and communities.

One of the new priorities of the Department of Community Services Early Learning and Child Care (ELCC) program is to strengthen the child care sector by providing services and funds to "ensure that all Nova Scotia children enjoy a good start in life and are nurtured and supported by caring families and communities". This is compatible with the Department's goal of "self reliant people, strong families and inclusive communities".

A number of investments will be made in the fiscal year 2007-2008 for Early Learning and Child Care including providing funding support to full-day child care facilities to improve the wages and benefits of child care workers.

This document describes the Department of Community Services terms and conditions regarding the **Child Care Operating Grant**.

Terms and Conditions Overview

The purpose of the **Child Care Operating Grant** program is to provide funding support to all licensed, full-day child care centres. The Child Care Operating Grant will replace the current Salary Enhancement Grant (SEG), Equipment, Infrastructure and Infant Care Grants.

A key component of this initiative will be the development of a Child Care Operating Grant Agreement. This Agreement will be developed and implemented to better clarify responsibilities of the centre(s) and the Department and to ensure adequate accountability for the funding provided through this grant.

Note: Please refer to "Appendix A – Definitions" for definitions of the terms used throughout this Terms and Conditions document.

Grant Description

The Child Care Operating Grant is available to all licensed full-day child care centres (non-profit and commercial centres). This funding support is intended to help promote salary and benefits to staff of the child care centres, providing a foundation for recruitment and retention of staff. A portion of this grant funding is also intended to support general operating expenses. Grant funds are NOT to be used for capital expenses.

Funding formula for approved full-day child care centre's will be:

- **Toddler/Pre-School** spaces will receive \$3/day/occupied space.
- **Infant** spaces will receive an **additional** \$5/day/occupied space for a total of \$8/day/occupied space.
- **School Age** spaces will receive \$2/day/occupied space.

Calculation of a centre's funding will be based on Full Time Equivalent (FTE) number of enrolled children in each age group, multiplied by the daily per child dollar amount, multiplied by the number of annual operating days. The word occupied means enrolled, registered in a full-day child care centre.

FTE X daily per child dollar amount X annual operating days

Grant funding is not provided for:

- additional spaces, added to the licensed capacity, but NOT approved through the Child Care Expansion program. In advance of the expansion program becoming operational, Centres expanding must contact their ECDO should they wish to have Child Care Operating Grant funding for the additional spaces.

Eligibility Criteria - Centres

In order to be eligible to receive a Child Care Operating Grant, the applicant centre must be a licensed full-day child care centre (non-profit or commercial).

A centre is not eligible for Child Care Operating grant funding if:

- The centre is licensed as a part-day facility
- The centre's license to operate a day care centre has been suspended, cancelled or not renewed
- The Department has issued a written directive to the centre due to compliance violations or deficiencies
- A court has granted a bankruptcy petition or appointed a trustee for the centre
- The centre ceases operations
- They have not signed a Portable Subsidized Child Care Spaces Agreement.

Centres receiving funding must be in compliance with:

- The *Day Care Act*, R.S., N.S., 1989, c. 120, s.1 and Day Care Regulations
- The Child Care Operating Grant Terms and Conditions
- The Child Care Operating Grant Agreement.

Centres that fail to meet the eligibility criteria will be audited and will have their grant funding adjusted or terminated.

Initial grant funding will be based on the centre's **average monthly enrolment FTE's**, over the past calendar year, to a **maximum** of their licensed capacity.

Additional spaces, added by an increase in licensed capacity during the fiscal year, are eligible for funding if and only if they have been approved through the Child Care Expansion program. Funding eligibility would be as of the date the approved expanded spaces were occupied. Funding is reconciled every 6 months for the previous 6 months enrolment. Therefore, approved new spaces would be considered during the next reconciliation. The next quarterly installment would be adjusted to reflect new enrolment as well as include a retroactive amount for any portion of the previous 6 months where those spaces were occupied.

Grant Distribution Criteria

All full-day licensed child care centres receiving the Child Care Operating Grant must distribute the funding provided through this grant in accordance with the following criteria:

- A minimum of 75% of the funds allocated to the child care centre **must** be spent on salary and benefits for staff
- A minimum of 60% of the centre's total revenue must be spent on salary and benefits
- All facility staff are eligible to receive salary and benefit enhancement as a result of this grant funding
- No director may receive more than the *average* staff increase

Centres who fail to meet the distribution criteria will be audited and will have their grant funding adjusted.

Grant Allocation –Grandparented Funding

Centres that are currently receiving Infrastructure, Equipment, Salary Enhancement and/or the Infant Grants will not receive less funding under the new Child Care Operating Grant. Where the new funding model would result in a lower amount than received by the current Infrastructure, Equipment, Salary Enhancement and/or the Infant Grants, the existing centres will be 'grandparented' and will continue to receive their current level of funding.

'Grandparented' funding will continue until a reconciliation period shows a decrease in enrolment in excess of the greater of four (4) FTE's or 10%.

Details as follows:

- 'Grandparented' funding allotments will be adjusted or decreased by the same percentage (%) enrolment has decreased; reconciliations occur every 6 months.
- 'Grandparented' amounts cannot increase.

Note: *All centres, even those who may be 'grandparented', are required to apply for funding under the new Child Care Operating Grant. Applicant centre's that are 'grandparented' will be required to enter into the same Child Care Operating Grant Agreement as newly approved centres.*

Grant Timelines

Initial grant calculations/allocations cover to the end of the next fiscal year, March 31, 2008. Funding will be distributed quarterly based on the government fiscal year (1 April – 31 March). Funding installments will be paid the first business day of each quarter.

Funding will be reconciled every 6 months using the corresponding prior years 6 months average monthly enrolment FTE's. Reconciliations occur in October, for the April 2007 to September 2007 average monthly enrolment FTE's; and in April 2008, for the October 2007 to March 2008 average monthly enrolment FTE's. With the exception of the first reconciliation period there will be two funding installments between each reconciliation period.

In order to foster funding stability a minimum decline in FTE benchmark has been introduced to the reconciliation process. If the reconciliation process indicates a centre's net FTE's have increased then the funding level will increase by an amount determined by the established funding formula. However the reconciliation process must show a centres FTE's have declined by either 4 FTE's or 10% (whichever is greater) in order for funding to be adjusted downward. If the decline in FTE's does not meet this benchmark the centres funding level will remain at the level determined during the prior reconciliation.

Application Quality Control

A random sampling of applications will be reviewed to ensure the FTE enrolment utilization numbers provided for the requested period do not exceed the licensed capacity of the centre. If an anomaly is found, the Centre's attendance and enrolment records will be audited (by ECDO with Head Office support when required) to verify the information provided is accurate.

Communication to Centre Staff

Centres are required to provide all staff with:

- Access to a copy of these Child Care Operating Grant Terms and Conditions
- Details on the amount of funding the centre will be receiving
- Details on how this funding was calculated
- Details on how the funding is being distributed within their centre
- A cheque insert/notification indicating what portion of their salary/benefits is being impacted or provided by this funding.

Application Process

Required Documentation

All full-day licensed Child Care Centres, non-profit and commercial, must apply for the Child Care grant, to be eligible for funding. The submitted application package must contain:

- a complete, signed Application form
- a complete, signed Portable Subsidized Child Care Spaces Agreement.

All centres, even those who may be 'grandparented', are required to apply for funding under this Child Care Operating Grant.

Application Deadline

Centres applying for this grant must ensure the completed application package is received by their regional Early Childhood Development Officer (ECDO) on, or before, the deadline stated on the Application Form. Applications will be required on an annual basis.

Contact Information

Centres requiring additional information about the grant are requested to contact their regional ECDO. The grant application form will be available on the Department's web site for downloading.

Submission of the Application package

Please ensure the application is complete and submitted in full. All documents must be forwarded to the Centre's regional ECDO in order for the applications to be considered for grant funding. The Centre should create a photocopy of the application and supporting documentation for their records.

Submitted application packages should be addressed to the attention of the '**Child Care Centre Operating Grant Application**' and either mailed, faxed or dropped off to, the centre's regional ECDO.

Note: Faxed applications will be accepted; however, a signed original must follow and be on file before any funding will be distributed.

The application package should be received by the Centre's regional ECDO on or before the application deadline date. Applications postmarked or stamped with a 'received' date on or before the application deadline are considered as meeting the deadline.

The regional ECDO's are responsible for the initial eligibility/completeness check of the application before forwarding it to Head Office for review and processing. Centres that are unable to meet the application deadline are asked to contact their regional ECDO.

Grant Application Review Process

Applications Checked for Eligibility and Completeness

Once the application packages are received by the regional ECDO's, they will be checked to confirm the Centres meet the basic eligibility requirements for the grant and to confirm the application package is complete.

If an application package is not complete the Centre will be contacted by phone to request the missing information. The Department may also follow up the phone call with a letter to the Centre identifying the missing application information.

Applications Reviewed and Evaluated by Head Office

Applications will be forwarded to Head Office by the regional ECDO's. Head Office will process the application and determine the annual grant funding. Centres will be notified, in writing, of their status and funding allocations.

Enrolment/Capacity Evaluation Criteria

Applications require both the average monthly enrolment FTE's as well as licensed capacity to assess eligible funding amounts. Specifically:

- Initial application require the Centres average monthly enrolment FTE's for the previous *calendar* year
- Annual re-applications require the Centres average monthly enrolment FTE's for the previous *fiscal* year.

A template and instructions for capturing average monthly enrolment FTE's is included with the Child Care Operating Grant Application.

Compliance Evaluation Criteria

As stated in the Eligibility Criteria section, Centres with written directives are ineligible to receive funding under the Child Care Operating Grant.

Notification of Approved Applications

Centres approved for the grant will be sent a Child Care Operating Grant notification letter and a copy of the Child Care Operating Grant Agreement.

Centres must return the Child Care Operating Grant Agreement to Head Office with the appropriate centre signatures before any funding will be distributed.

The Agreement will then be signed by an authorized Department of Community Services signatory and a photocopy will be returned to the centre. The original signed contract will be filed at Head Office with the Centre's application file.

Disbursement of Funds Process

The distribution of funds can begin once the Centre has been approved for grant funding and the signed copy of the Child Care Operating Grant Agreement has been received at Head Office.

Funding will be distributed quarterly, in advance, on the 1st business day of each quarter. For example, fiscal year 07/08 funding would be distributed in April'07, July'07, October'07 and January'08.

Grant funding is calculated as an annual amount based on the Centre's operating days and average monthly enrolment FTE's, to a maximum of the Centre's licensed capacity. Initial funding will be determined using an average of the previous calendar year's average monthly enrolment FTE's. Beginning in April 2007, grant funding will be reconciled every 6 months, based on the previous 6 months average monthly enrolment FTE's. Future quarterly amounts will be adjusted based the actual average monthly enrolment FTE's reported for previous periods.

Prorated funding amounts may be calculated for grant approvals that occur after the start of the fiscal year. Funding amounts can be retroactive to the start of the quarter during which approval is granted.

For centres that are currently enrolled in the Child Care Operating Grant funding for school age children will be paid retroactively to April 1, 2007. New applicants will receive funding (no retroactive payment) with the next quarterly funds disbursement.

Recovery of Funds Process

Beginning in April 2007, grant funding will be reconciled every 6 months, based on the previous 6 months average monthly enrolment FTE's.

Funding will be reconciled every October and April for the duration of this grant. The reconciliation process will recalculate the annual funding amount based on the average monthly enrolment FTE's and the operating days reported for the previous six months. Future quarterly installments will be updated based on this recalculation. Any monies owing (underpayment) will be added as an adjustment to the next quarterly installment, and monies owed (overpayment) will be deducted as adjustments to the next 2 quarterly installments.

A template for reporting the average monthly enrolment FTE's and operating days is included with the Child Care Operating Grant Application.

Centres requiring help in completing the average monthly enrolment FTE's are requested to contact their regional ECDO.

If a Centre ceases operations, at any point during the contracted period, the Department will perform an accounting of the grant distributions to recover overpayments.

Centres will be required to demonstrate their compliance with the grant distribution criteria. A template for the funding utilization reporting will be provided.

Accountability Process

The Grant funding must be used in accordance with these Terms and Conditions and the conditions outlined in the Child Care Operating Grant Agreement.

Funding utilization reports will be used to assess the Centre's adherence to the Grant distribution criteria outlined in the Terms and Conditions Overview section. Utilization reports will be required twice a year, in October and April. A template will be provided.

Centres that do not meet the Grant distribution criteria (refer to p.5) will be audited (by ECDO with Head Office support when required) and will be required to submit a work plan which describes how they will achieve the Grant distribution criteria. These Centres will be required to provide utilization reports on a quarterly basis until such time as they demonstrate they have met the distribution criteria for at least 3 consecutive quarters. The Department reserves the right to require quarterly reporting for a longer period of time.

Work plans will be reviewed by a committee made up of Departmental staff, including but not limited to, ECDO's, ECD Specialists, Finance Staff and other ECDS Program staff, as required. The committee will recommend the appropriate course of action, which can include reduction or termination of the Centre's Grant funding.

Evaluation Process

For evaluation purposes, Centres will be required to:

- Participate fully in evaluations of the Child Care Operating Grant and provide any information requested by the Department in respect of these evaluations
- Make Centre staff available to participate in the evaluation process at mutually agreeable times during the term of the Child Care Operating Grant Agreement or for up to seven years after the end of the fiscal year in which the grant funding expires, whichever is longer.

Appendix A - Definitions

For purposes of the Child Care Operating Grant the following definitions apply:

"Department" means the Department of Community Services.

"ECDS" means Early Childhood Development Services.

"ECDO" means Early Childhood Development Officer and refers to regional staff of the Department of Community Services responsible for licensing child care centres and providing supported child care consultation.

"Child" means a person less than thirteen years of age.

In licensed child care there are four program types that serve different groups of children:

- An "Infant" means a child who is 17 months of age or younger.
- "Toddler" means a child who is between the age of 18 months and the age of 35 months inclusive,
- "Preschooler" means a child who is between 36 months and five years of age inclusive,
- "School age" means a child who is five years of age and less than thirteen years of age and is enrolled in school.

For purposes of the funding model described in these Terms and Conditions the only distinction is between A) Infants, B) Toddlers & Preschoolers and C) School Age.

"Centre" and "child care centre" means a facility which provide full-day licensed day care under the Day Care Act. R.S. N.S., 1989, c.120.

"Attendance" means to be present at a Centre. For purposes of these Terms and Conditions, attendance refers to the attendance records all facilities are required to keep per the Day Care Regulations.

"Enrolment" means to be registered to attend a Centre. For purposes of these Terms and Conditions, enrolment is a measurement of the number of children who have registered to attend the Centre. Enrolment can be described in terms of days, weeks, months and/or years. A centres "enrolment" can be greater than their licensed capacity **but** a centres daily "attendance" cannot exceed its licensed capacity.

"FTE" means full time equivalent. It is a means of measuring utilization and represents the number of children in each age group at a centre. A full-day child would be 1 FTE where as a part-day child would be a percentage of 1 FTE. Centres will be required to calculate part-day children into FTE's during the application process.

For example, assume a centre has 3 full-day children enroled; Tom, Sam and John. Tom attends daily, 5 days a week; Sam attends 2 days a week; John attends three days a week. The centre would have 2 FTE's out of their licensed capacity.

"Part day child care" refers to one of the following: (Part FTE)

- Care for the complete morning program combined with a noon meal,
- The noon meal combined with care for the complete afternoon program,
- Any portion of a day not including a noon meal.

"Occupied" means enroled. A space is occupied if the centre's enrolment of 1 of more children occupies that space.

"Benefits" means:

- Employer's cost of the statutory staff benefits associated with the increased wages provided as a result of this grant. Statutory staff benefits are Employment Insurance (EI) and Canada Pension Plan (CPP).
- Worker's Compensation
- Employer's contribution to paid maternity leave (in excess of EI)
- Dental coverage
- Extended health care coverage
- Paid sick days
- Life Insurance
- Retirement/pension plan
- Professional Development

"Total revenue" is the total number of dollars a centre receives from all sources.

"Wages" mean money paid to an employee for work done, which is usually calculated on an hourly, daily or piecework basis.

"Capital expenses" means expenses for basic assets such as property, fixtures or machinery, but not for day-to-day operations such as payroll and maintenance. Capital expenses should enhance the value of the centre's assets. A guiding rule for determining if an expense is "capital" or "operational" is based on the useful life of that item; "operating" expenses have a useful life of less than a year.

"Operating" expenses mean expenses for maintenance of the assets of the centre or the cost of running the day-to-day operations of the centre.

"Director" means the chief administrative officer, owner, operator, executive director, manager and/or administrator who works on site, full or part time, at the centre.

"Operator" means the individual, partnership, group, company or Board of Directors in whose name a license to operate a day care facility under the Day Care Act has been issued.

"Eligible staff" means all directors and child care staff, full and part time, who are employed by the Centre receiving the Child Care Operating Grant.

"Fiscal year" means the provincial government business year which runs for the twelve months from April 1st of any given year until March 31st of the following year.

Annual "Operating Days" means the number of days the centre will be open for the calendar year. Statutory holidays, New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada

Day, Civic Holiday, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day and Boxing Day are considered operating days. Voluntary closures for special holidays are not considered operating days.

"Working Days" refers to week days (Monday to Friday).

